



C A L I F O R N I A

Dairy Review

Volume 7 Issue 9

September 2003

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Milk Income Loss Contract Program Update . . .

As September 30, 2003, brings an end to the federal fiscal year and the 2002-03 MILC program, dairy producers should be considering their payment options for the next year's program which begins on October 1, 2003 and runs through September 30, 2004. Producers are encouraged to contact their local Farm Services Agency (FSA) office to designate a starting month for the 2003-04 MILC program. Producers are eligible for the payment rate in the month they select, plus the payment rates for the consecutive following months until the 2.4 million pound production cap is reached. If producers are currently signed up to begin payments in October 2003, they have until September 15th to change this start date. A producer can change their start date at any time up to 15 days prior to the beginning of the designated start month. For instance, a producer could choose to designate their start date as March 2004, then go in anytime before the 15th day of any prior month and change that designation.

Payments are made for months during which the Boston Class 1 price falls below \$16.94. To determine the payment rate: subtract the Boston Class 1 cwt. price from \$16.94, multiply the difference by 45%, and multiply that number by the total cwt. of milk produced during that month. When the Boston Class 1 price exceeds \$16.94, no payments will be made to the dairy operation and production for that month will not count towards the operation's maximum eligible production.

Producers should be aware of how many months it takes their operation to reach the 2.4 million cap and select the consecutive months that have the highest payments. For example, if a producer expects to meet the cap with 2-3 months of milk production, then it is crucial to choose a start date where the months may have the lowest Boston Class 1 cwt. price. With this example, it may be best to choose

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July Milk Production

Milk production in California for July 2003 totaled 2.9 billion pounds, down 0.9 percent from July 2002. USDA's estimate for U.S. milk production for July 2003 in the 20 major dairy states is 12.4 billion pounds, up 0.6 percent from July 2002. Production per cow in the 20 major states averaged 1,590 pounds for July, 12 pounds above July 2002. ☀

Minimum Class Prices

Statewide average hundredweight prices

Class	August	September
1	\$14.60	\$16.27
2	\$10.66	\$10.66
3	\$10.50	\$10.50
4a	N/A	\$ N/A
4b	N/A	\$ N/A

Federal Order and California Minimum Class 1 Prices

Average Hundredweight Prices

Regions	August	September
Phoenix, Arizona	\$13.32	\$N/A
Southern California	\$14.73	\$16.41
Portland, Oregon	\$12.87	\$N/A
Northern California	\$14.46	\$16.14
Boston (Northeast)	\$14.22	\$N/A

Quota Transfer Summary

For July 2003, four dairy producers transferred 2,528 pounds of SNF quota. July quota sales averaged \$455 per pound of SNF (without cows), an average ratio of 2.50. For August 2003, four dairy producers transferred 3,475 pounds of SNF quota. August quota sales averaged \$414 per pound of SNF (without cows), an average ratio of 2.45. ☀

Alfalfa Update: August

Northern California: Premium and Supreme alfalfa was steady with light demand and not well tested. Many dairy producers are waiting for fall cuttings. Fair and Good alfalfa was steady with moderate demand and dry cow hay showed good demand in the second half of August. Retail and Stable hay was steady with moderate demand. Exporters interested in the Sudan hay, not alfalfa.

Southern California: Premium and Supreme alfalfa not well tested with supplies light to non-existent. Fair and Good alfalfa steady with light demand. Starting to see more supplies with grass and/or white fly damage. Exporters are interested in Sudan hay only. Some Antelope valley producers are putting hay in barns for winter take out.

Supreme Hay Prices

Statewide average prices per ton

Area	8/1	8/8	8/15	8/22
Petaluma	-----	-----	\$135-138	-----
North Valley ¹	-----	\$138	\$142	\$135-150
South Valley ²	\$145-155	\$145-162	\$145-155	\$142-155
Chino Valley	-----	-----	-----	-----

¹ North Valley is Escalon, Modesto and Turlock areas.

² South Valley is Tulare, Visalia and Hanford areas.

Alfalfa Hay Sales/Delivery

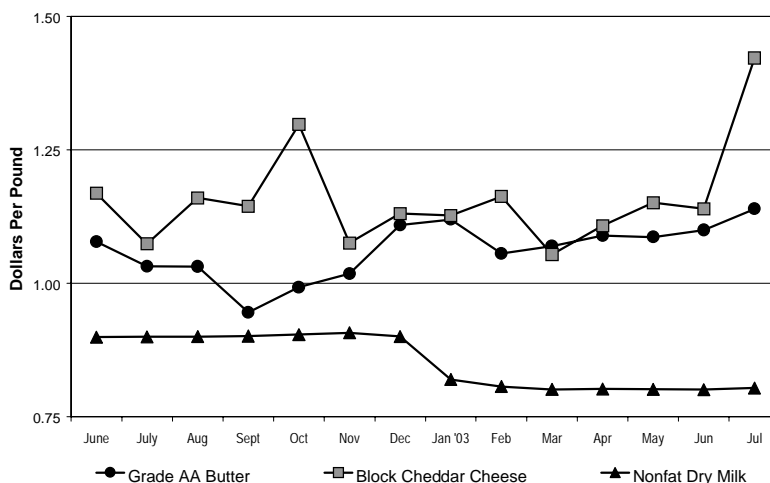
	July	August
Tons Sold ¹	305,131	229,851
Tons Delivered ²	119,653	82,220

¹ For current or future delivery.

² Contracted or current sales.

Alfalfa hay sales, deliveries and Supreme quality prices per ton, delivered to dairies, as reported by the USDA Market News Service, Moses Lake, WA, (509) 765-3611, <http://www.ams.usda.gov/marketnews.htm>

Grade AA Butter, Block Cheddar Cheese, and Nonfat Dry Milk Prices Used in the Calculation of California Class 1 Milk Prices





CALIFORNIA DEPARTMENT OF FOOD & AGRICULTURE

Bovine Tuberculosis in California

The United States Department of Agriculture (USDA) removed California from its list of tuberculosis (TB) accredited-free states on April 25, 2003. California is now classified as **TB Modified Accredited Advanced**. California can reapply for accreditation-free status in April 2005, provided no additional infected herds are detected.

Since May 2002, California confirmed bovine TB in three dairy herds; two in Tulare County and one in Kings County. All three herds were quarantined, the cattle destroyed and the affected premises cleaned and disinfected. Cattle sold from or associated with each herd are being traced and tested. The testing of the first herd is 99% complete, the second is 80% complete and the third has been finished.



Update

As of July 31, 2003, 418,494 cattle in 297 herds have been tested for bovine TB since this investigation began, and about 13,000 cattle have been depopulated.

Cumulative Since May 13, 2002	
Number of herds tested	297
Number of animals tested	418,494
Number of herds quarantined	3
Number of cattle destroyed	~13,000
Average number of field personnel	30

California's Eradication Plan

CDFA, USDA and the cattle industry are working together to control and eradicate bovine TB from California:

- Test all dairies in Fresno, Kings and Tulare Counties (approximately 773,000 milking cows in 700 herds)
- Enhance slaughter surveillance, the primary method for detecting new cases of bovine TB, throughout California
- Enhance live animal testing procedures through training and education
- Utilize newly approved Gamma Interferon blood tests as a confirmatory TB test soon
- Restrict Mexican feeder cattle to "designated" pastures/feedlots (proposed for 2004 import season)
- Comply with USDA requirements for "Regionalization" if another infected herd is found
- Regain "Free" status by 2005
- Meet with state and national program leaders to enhance the national TB eradication plan

Impact on Livestock Producers

All breeding cattle and bison leaving California require official identification and a negative official TB test within 60 days of being moved. It is not a requirement if they are moved:

- To slaughter at an approved slaughter plant or
- From an accredited herd with a certificate that says the herd completed all testing necessary for accredited status with negative test results, one year before the date of movement

The new TB requirements do not apply to sexually intact heifers moving to feedlots or steers and spayed heifers until March 2004. However, some states have more restrictive policies for moving cattle - always check with the state of destination for their requirements.

Agreements developed with neighboring states ease the TB testing requirements on breeding beef cattle moving interstate annually for grazing on approved Pasture-to-Pasture permits. Breeding beef cattle, 24 months of age and older, require a TB test within 12 months of application for the permit and subsequently every 3 years to continue to move annually until California's TB status changes.

California has now imposed stricter TB-testing requirements on cattle entering the state.

As of August 15, 2003 California requires a TB test on all breeding dairy cattle entering the state.

A TB test is recommended for exhibition dairy cattle originating from Tulare, Kings and Fresno Counties. Contact your fair board for specific requirements.

CDFA Animal Health Branch Offices

Sacramento (HQ)	916-654-1447
Modesto	209-491-9350
Ontario	909-947-4462
Redding	530-225-2140
Tulare	559-685-3500
Tulare TB Task Force	559-687-1158

CDFA Milk and Dairy Foods Control Branch Offices

Stockton	209-466-7186
Oakland	510-622-4810
Fresno	559-445-5506
Ontario	909-923-9929

USDA/APHIS/VS

916-857-6170 or 877-741-3690

For more information, visit web sites at:
www.cdfa.ca.gov or www.aphis.usda.gov/vs

West Nile Virus Update

The presence of West Nile virus (WNV) was confirmed on August 20, 2003 in an Imperial County mosquito surveillance pool. Statewide monitoring for the presence of WNV includes mosquito pool, sentinel chicken, human, and equine surveillance and is a collaborative program conducted by CDFA, the state Department of Health Services (DHS) and the University of California. Mosquitoes become infected with WNV when they feed on infected birds, and then transmit it to humans, animals, and other birds through biting. However, animals infected with WNV are not contagious.

Susceptible Animals

While horses and birds are affected by WNV, it should be noted that horses are affected much more often than any other domestic animal. Livestock and poultry do not commonly show any illness if infected by WNV. Although horses are susceptible to the virus, very few of them that are infected exhibit any signs of clinical illness. However, of those horses developing clinical illness, approximately 30% die or must be euthanized, and another 17% have been shown to suffer from long term related debilitation. In 2002, WNV caused 14,717 cases of equine illness in 40 states. Horse owners are urged to work with their veterinarians to establish both effective mosquito control and vaccination programs. The vaccination program requires a minimum of two doses, administered 3-4 weeks apart. Protection against WNV usually develops by 4 weeks after the second dose.

Dairies


Since mosquitoes are the primary means of spreading WNV, eliminating mosquito-breeding sites is essential. Dairy owners can protect themselves and their employees by preventing mosquito build-up around lagoons on their dairies. Several mosquito species of the genus *Culex* act as vectors for WNV. One of the *Culex* species, *C. quinquefasciatus*, prefers to breed in waste lagoons such as those found on dairies.¹ Thus, mosquito control is key to prevention. Local mosquito and vector control agencies are good sources of information about mosquito control.

DHS advises that "WNV has been linked to a total of 715 illnesses (as of 8/20/03) and 14 human deaths. In California, there have been no reported illnesses involving locally acquired WNV. Most individuals who are infected with WNV will not experience any illness. Others will have only mild symptoms such as fever, headache and body aches. Less than one percent of

individuals, primarily the elderly and those with lowered immune systems will develop serious illnesses such as encephalitis (inflammation of the brain) and meningitis."² See www.westnile.ca.gov for more information.

The public can become part of the state's monitoring efforts for WNV by reporting any crows, ravens, magpies, jays, sparrows and finches that may have been dead for less than 48 hours to a special DHS toll free line: 877-WNV-BIRD. Individuals should take note of the bird's location and its condition before calling for further instructions, including assistance with identifying the type of bird found. The bird should show no signs of decomposition or maggot infestation. CDFA maintains information about WNV at www.cdfa.ca.gov. Click on the horse


¹ John H. Kirk, DVM and Joan S. Jeffrey, DVM, Extension Veterinarians, UCD School of Veterinary Medicine

² California Department of Health Services 

Feed Quality Assurance Training Workshop

The California Department of Food and Agriculture (CDFA) will be holding a training session on feed quality assurance for dairy producers at the Stanislaus County Agricultural Center in Modesto, California on September 30, 2003.

The training is being offered free of charge by the Safe Animal Feed Education (SAFE) Program of CDFA and is designed for dairy producers and ruminant feeders who purchase commodities and mix their own feed on-farm. The program will feature presentations from ruminant nutritionists, veterinarians, government officials and local dairymen on topics such as ration specifications, feed labeling, commodity purchasing, medicated feeds, bio-security measures, proteins prohibited from ruminant feed, potential feed-related toxins, and an update on the use of feed management software.

In addition to dairy owners, herd managers and all employees involved in receiving and handling feed ingredients are encouraged to attend. For registration information or to request a copy of the agenda, call Debbie Scott or Michael Davidson of the SAFE Program at (916) 445-0444, or by e-mail at dscott@cdfa.ca.gov. The workshop agenda is also available on the SAFE website at www.cdfa.ca.gov/is/safe. 

California Cheese Dominates American Cheese Society Annual Competition

In early August, the American Cheese Society's annual conference and competition, the most prestigious national cheese event of the year, took place in San Francisco. Specialty, artisan, and farmstead cheese producers from 28 states and four countries entered 615 cheeses in the highly competitive judging. For the third consecutive year, California's cow's milk cheese producers earned more awards for their cheese than any other state.

In 2002, California's 60 cheesemakers, half of which are specialty, artisan, or farmstead producers, produced more than 200 varieties and styles of cheese totaling 1.72 billion pounds. Even though California cheesemakers are outnumbered by some states in the competition such as Wisconsin, Colorado, New York, and Vermont, California has more artisan cheesemakers and farmstead cheesemakers than any other state. Artisan cheesemakers produce high quality, handcrafted cheeses in small quantities and farmstead cheesemakers produce cheese from milk coming only from the herd located on their farm.

With 615 cheeses entered in the competition, top honors (Best of Show) went to Cowgirl Creamery of Point Reyes for Red Hawk, a soft-ripened washed-rind cheese. The cheese is named after the red-tailed hawk that is indigenous to the area. Another first-place winner was the state's oldest cheese producer, Marin French Cheese Company, Petaluma, which won five awards this year, including a first-place in the Soft Ripened Cheese category, and two recent newcomers, Fiscalini Cheese Company, Modesto, won three awards, including a first-place for best Farmstead Cheese, an award Fiscalini won for the second year in a row, and Sierra Nevada Cheese Company, Willows, which won for its Gina Marie natural cheese spread.

Winchester Cheese Company, Winchester, distinguished itself by winning first and second-place awards in the same category (Dutch Style, All Milks Category) for two of its Gouda varieties. Spring Hill Jersey Cheese, Petaluma, won a first place for its Dry Jack. In addition, Rizo-Lopez Foods, Riverbank, and Karoun Dairies, Sun Valley, received all three first-place honors awarded in the Hispanic & Portuguese Style Cheese category.

California cow's milk cheesemakers won 30 awards:

Best of Show:

Cowgirl Creamery, Point Reyes, CA
Red Hawk

First-Place Awards:

Marin French Cheese Company, Petaluma, CA
Triple Cream Brie, Soft Ripened Cheese
Winchester Cheese Company, Winchester, CA
Super Aged Gouda, American-Made
International Style
Spring Hill Jersey Cheese, Petaluma, CA
Dry Jack, American-Made International Style
Fiscalini Cheese Company, Modesto, CA
Cheddar with Caraway, Cheddars
Rizo-Lopez Foods, Inc., Riverbank, CA
Cotija, Hispanic & Portuguese Style Cheese
Rizo-Lopez Foods, Inc., Riverbank, CA
Panela, Hispanic & Portuguese Style Cheese
Karoun Dairies, Inc., Sun Valley, CA
Cotija Chile, Hispanic & Portuguese Style
Cheese
Fiscalini Cheese Company, Modesto, CA
Bandage Wrap Cheddar, Farmstead Cheeses
Sierra Nevada Cheese Company, Willows, CA
Gina Marie, Cheese Spreads
Cowgirl Creamery, Point Reyes, CA
Red Hawk, Washed Rind Cheeses

Second-Place Awards:

Marin French Cheese Company, Petaluma, CA
Jalapeño Brie, Soft Ripened Cheese
Winchester Cheese Company, Winchester, CA
Sharp Gouda, American-Made International Style
Marin French Cheese Company, Petaluma, CA
Le Petit Bleu, Blue Mold Cheese
Karoun Dairies, Inc., Sun Valley, CA
Queso Fresco, Hispanic & Portuguese Style
Cheese
Karoun Dairies, Inc., Sun Valley, CA
Panela Chile, Hispanic & Portuguese Style
Cheese
Sierra Cheese Manufacturing, Inc., Compton, CA
String Cheese, Italian Style Cheese
Lactalis USA Turlock, Turlock, CA
Feta Medium HB, Feta Cheese

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American Cheese Society

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Sierra Cheese Manufacturing Co., Inc.,
Compton, CA

Scamorza with Butter, Flavored Cheeses
Belfiore Cheese Company, Berkeley, CA
Smoked Mozzarella, Smoked Cheeses

Third-Place Awards:

Marin French Cheese Company, Petaluma, CA
Breakfast Cheese, Fresh Unripened Cheese

Marin French Cheese Company, Petaluma, CA
Garlic Brie, Soft Ripened Cheese

Cowgirl Creamery, Point Reyes, CA
St. Pat, American Originals


Lactalis USA Turlock, Turlock, CA

Gouda, American-Made International Style
Vella Cheese Company, Sonoma, CA

Mezzo Secco, American-Made International
Style

Fiscalini Cheese Company, Modesto, CA
Cheddar, Cheddars


Karoun Dairies, Inc., Sun Valley, CA

Cotija, Hispanic & Portuguese Style Cheese 

MILC Update

(Continued from page 1)

a start date in mid-2004, closely monitor the Boston Class 1 prices, and then change that designation when and if the prices warrant it. Due to recent Class 1 price increases, the Boston Class 1 price for September exceeded \$16.94, therefore there will be no MILC payments for September 2003, and some industry economists are predicting the same will hold true for October and November 2003. Even though the months with no payments will not count towards the 2.4 million production cap, months where the payment rate is even one cent per hundredweight will count towards the cap.

For future reference, the FSA will post monthly MILC payment rates on their web site at <http://www.fsa.usda.gov/dafp/psd/MILC.htm> which also includes a payment calculator. 

National Dairy Situation and Outlook – USDA Estimates

Milk Production and Cow Numbers

Monthly: Compared to 2002, USDA estimates that overall milk production across the U.S. was up 0.6% in July, led by Idaho's 8.0% growth in milk production (on 16,000 more cows and 70 more pounds per cow). California's estimated production was down 0.6% (on 46,000 more cows and 60 less pounds per cow). Among other western states, Arizona was down 1.1%; New Mexico up 3.5%; and Washington down 1.6%. Four of the top 10 states reported a decrease: New York -2.4%; California -0.6%; Washington, -1.6%; and Pennsylvania -3.4%.


Quarterly: For the second quarter of 2003 compared to the first quarter of 2003, U.S. milk cow numbers were down 0.4% at 9.114 million, production per cow was up 2.6%; the net effect was a 2.3% increase in milk production to 43.9 billion pounds. USDA projects that for the third quarter of 2003 compared to the second quarter of 2003, U.S. milk cow numbers will decrease 34,000 cows to 9.080 million cows, production per cow will be down 4.8%; the net effect would be a 5.2% decrease in milk production to 41.6 billion pounds.

Milk Prices

Comparing the second quarter of 2003 to the first quarter of 2003, U.S. average milk prices were down \$0.30/cwt. to \$11.07/cwt. USDA projects that for the third quarter of 2003, U.S. average milk prices will be up \$1.70-2.00/cwt. compared to the second quarter; including a \$3.20-3.50/cwt. Class 4b price increase and a \$0.25-0.65/cwt. Class 4a price increase.

Utility Cow Prices

Comparing the second quarter of 2003 to the first quarter of 2003, average U.S. utility cow prices were up \$6.20/cwt. to a national average of \$46.52/cwt. USDA projects that utility cow prices will average \$49-51 in the third quarter of 2003.

Information from the USDA-NASS publication "*Milk Production*" and the USDA-ERS publication: "*Livestock, Dairy, and Poultry Outlook*." 

Late Payments to Producers On the Rise . . .

In recent months, late payment violations have risen in number resulting in substantial interest and penalties charged to the handlers in violation. The following “payments to producers” tips are just a reminder that all producers, including producer-owned cooperatives, have an obligation to promptly notify the Department when a late or insufficient payment for milk occurs. In addition, when a producer (including a cooperative) fails to notify the Department of improper payments for milk, or causes the violation by repeatedly billing incorrectly, the Department will consider depositing the interest charged to the handler into the Milk Producers Security Trust Fund rather than paying it to the producer.

Q: What constitutes a “Producer?”

A: Any person that produces milk from five or more cows conforming to local health regulations.

Q: What constitutes a “Cooperative?”

A: A nonprofit association of producers, which accounts to producer-members on a patronage basis. A cooperative is considered to be one producer.

Q: What is a “Handler?”

A: Any person who receives, purchases, or controls bulk milk from a producer or another handler for manufacture, processing, or sale. It may include nonprofit cooperative associations.

Q: When is a written contract required between a producer or cooperative and a handler?

A: A contract is required when the purchase of milk by the handler from a producer exceeds 1,000 gallons monthly. It is the handler’s responsibility to enter into a contract with the producer before purchasing bulk milk.

Q: What should the contract contain?

A: The amount of milk to be purchased for a period; the price to be paid for all milk received; the date and method of payment for the milk; and the charges for transportation if hauled by the handler. (A contract may contain other provisions which are not in conflict with the Food and Agriculture Code (Code.)

Q: Who is responsible for filing the contract with the Department?

A: It is the producer’s responsibility to file a signed copy of the contract with the Department.

Q: What happens if a producer does not file a contract with the Department?

A: A payment default to the producer will not be covered by the Trust Fund. Failure to file the contract is also a violation of the Code.

Q: What is a late payment?

A: A late payment is when the handler fails to pay the producer for bulk milk deliveries on the date required by the contract and provisions of the Code.

Q: How must payments be made to producers?

A: Payments can be made in various ways, such as wire transfer or direct deposit into producer’s bank account, cash or cashier’s check. If payment is made in cash, a receipt from the Producer with date and amount must be obtained by the handler for proof of payment. If payment is made by any type of check, the check **MUST** be reducible to cash in no more than one business day. (Note: a promissory note does not constitute a payment.)

Q: What role does a producer play in timely, accurate payments?

A: The producers need to use due diligence in maintaining an accurate accounting system for all milk sales and to report to the Department any payment problems before it becomes a default situation.

Q: What should the producer do if a payment is late?

A: The producer should notify the handler to resolve the late payment.

Q: What should the producer do if the issue is not resolved?

A: The producer should immediately notify the Dairy Marketing Branch Producer Payment Enforcement Unit at (916) 341-5901 .

Q: Are there penalties that may be imposed on the handler for failing to pay the producer according to the contract and the Code?

A: Yes. 1) Interest at the rate of 12% per year may

(Continued on next page)

Late Payments - (continued from page 4)


be charged to handlers failing to pay producers according to the contract and the Code. The interest is in addition to any other penalties and is payable to the producers.

2) The Department may assess a penalty for each payment date that producers were not fully paid. Any penalty assessed will generally be equal to one-fourth of one percent of the amount not properly paid. The penalty is a minimum of \$100 and maximum of \$5,000.

3) A civil penalty of not less than \$100 and not to exceed \$1,000 for each violation may be assessed to anyone that violates any provision of the Code.

4) The violation of any provision of the Code is a misdemeanor punishable by a fine of not less than \$100 and not to exceed \$1,000, or by imprisonment in a county jail not to exceed 6 months, or by both.


Q: If the handler fails to pay the producer, what will the Department do?

A: Failure to pay the producer timely is a serious violation of the Code and the Department will investigate the alleged complaint immediately. The Department will issue an Order demanding that the handler pay the amount due the producer(s) within 24 hours. If the handler fails to pay the producer within 24 hours, the handler will be placed on the list of handlers ineligible for coverage under the Milk Producers Security Trust Fund. The Department must notify all producers who have contracts on file with the Department and other interested parties of this action. 

Environmental Regulations Impact the Cost of Production

Environmental concerns have become an everyday issue in California. Almost everyone in California is or has been impacted by new environmental regulations and agriculture is at the forefront of industries that are being closely monitored. Dairy producers are being subjected to many new legislative and regulatory actions that mandate new fees, permits, and requirements to operate. The added production costs that dairy producers are incurring to stay in compliance with the environmental regulations are largely unknown and unsubstantiated.

Since 1955, California has been collecting and reporting changes in milk production cost and is the only state in the U.S. that has an impartial government agency reporting comprehensive milk production cost information. The Department's Cost of Production Unit collects and summarizes cost data from California dairy farms. In an effort to identify the costs of complying with the new environmental requirements, and to help quantify the potential costs of additional environmental mandates, our Cost of Production audit staff will be increasing the focus in this area and reviewing certain line items to identify these costs. Specifically, they will be reviewing labor and tractor hours to isolate costs incurred with environmental concerns. In addition, any repairs, or investments made to the dairy facility, licensing and permit fees, manure hauling and any other expenses incurred that are a result of environmental standards will be reviewed. By isolating these costs, we can develop more factual information on the magnitude of environmental costs and their impact on the viability of dairy farms.

If you would like information on how to participate in these cost studies, please call Candace Gates at 916-341-5988. 

(%) Change from 2002)

State	Percentage Change (%)
Alaska	-2.2%
Alabama	-7.5%
Arizona	-1.1%
Arkansas	-1.3%
California	-0.9%
Colorado	8.0%
Connecticut	-3.4%
Delaware	-9.2%
District of Columbia	-0.6%
Florida	-7.5%
Georgia	-8.7%
Hawaii	8.0%
Idaho	-1.6%
Illinois	-0.6%
Indiana	-0.6%
Iowa	-0.6%
Kansas	-0.6%
Kentucky	-8.7%
Louisiana	-1.3%
Maine	-2.4%
Maryland	-9.2%
Massachusetts	-3.4%
Michigan	2.9%
Minnesota	0.7%
Mississippi	-8.7%
Missouri	-0.6%
Montana	8.0%
Nebraska	-0.6%
Nevada	-0.9%
New Hampshire	-2.2%
New Jersey	-3.4%
New Mexico	3.5%
New York	-2.4%
North Carolina	-8.7%
North Dakota	-0.6%
Ohio	-0.6%
Oklahoma	-1.3%
Oregon	-0.9%
Rhode Island	-3.4%
South Carolina	-8.7%
South Dakota	-0.6%
Tennessee	-8.7%
Texas	7.2%
Vermont	-2.2%
Virginia	-9.2%
Washington	-1.6%
West Virginia	-9.2%
Wisconsin	2.9%
Wyoming	8.0%

- Milk production during July was up 0.6%
- The number of cows on farms was 9.087 million head, down 71,000 head
- Production per cow averaged 1,568 pounds, 13 pounds more than July 2002
- Twelve of the top twenty producing states showed an decrease in milk production

Month	North Coast 1/		North Valley		South Valley		Southern California		Statewide Weighted Average	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
	Dollars per Hundredweight									
January	13.86	13.90	12.97	13.00	12.90	12.68	13.10	12.95	13.0110	12.8796
February	13.86	13.90	12.97	13.00	12.90	12.68	13.10	12.95	13.0110	12.8796
March	13.91	13.98	12.50	12.52	12.49	12.19	12.98	13.12	12.6245	12.5197
April	13.91	13.98	12.50	12.52	12.49	12.19	12.98	13.12	12.6245	12.5197
May	12.99	13.48	12.50	12.53	12.94	12.34	13.05	13.82	12.8019	12.6875
June	12.99	13.48	12.50	12.53	12.94	12.34	13.05	13.82	12.8019	12.6875
July			12.59		13.57		13.42		13.1835	
August			12.59		13.57		13.42		13.1835	
September			12.89		13.39		13.70		13.2803	
October			12.89		13.39		13.70		13.2803	
November			12.99		12.78		13.26		12.9767	
December			12.99		12.78		13.26		12.9767	

California Dairy Review 

Hundredweight Pool Prices

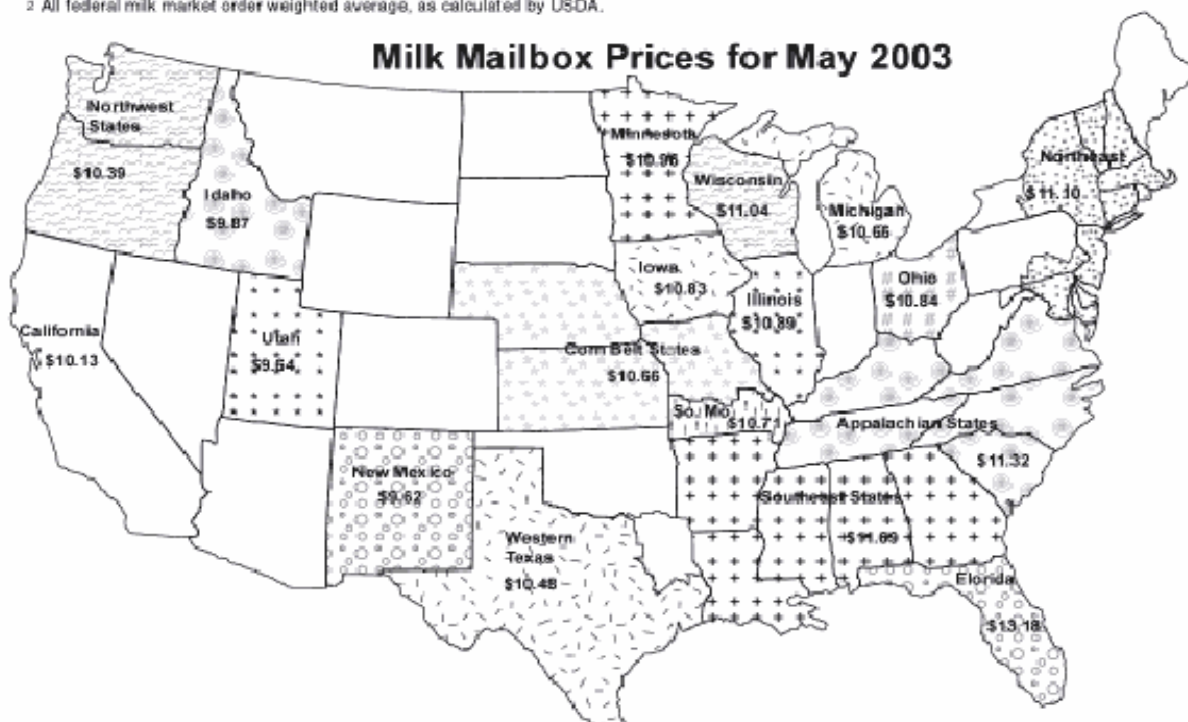
Month	Quota	Overbase
February '02	\$12.53	\$10.83
March	\$12.37	\$10.67
April	\$12.41	\$10.71
May	\$12.06	\$10.36
June	\$11.60	\$ 9.90
July	\$11.28	\$ 9.58
August	\$11.48	\$ 9.78
September	\$11.58	\$ 9.88
October	\$11.84	\$10.14
November	\$11.44	\$ 9.74
December	\$11.48	\$ 9.78
January '03	\$11.40	\$ 9.70
February	\$11.11	\$ 9.41
March	\$10.93	\$ 9.23
April	\$11.02	\$ 9.32
May	\$11.05	\$ 9.35
June	\$11.17	\$ 9.47
July	\$12.72	\$11.02

Milk Mailbox Prices in Dollars per Hundredweight

	November	December	January '03	February	March	April	May
California ¹	\$10.69	\$10.68	\$10.64	\$10.33	\$10.06	\$10.26	\$10.13
USDA ²	\$11.75	\$11.69	\$11.61	\$11.19	\$10.73	\$10.79	\$10.83

¹ California mailbox price calculated by CDFA.

² All federal milk market order weighted average, as calculated by USDA.



In May 2003, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$10.83 per cwt., \$0.04 more than the figure for the previous month. This month-to-month increase results from general higher Federal milk order minimum producer milk prices component prices. The component tests of producer milk in May 2003 were: butterfat, 3.61%; protein, 2.97%; and other solids 5.73%. On an individual reporting area basis, mailbox prices decreased in 12 reporting areas and increased in 4 reporting areas, unchanged in one area, and ranged from \$13.18 in Florida to \$9.62 in New Mexico. In May 2002, the Federal milk order all-area average mailbox price was \$11.83, \$1.00 higher.

Note: Effective with the January 2003 report, the Iowa reporting area has been removed from the Corn Belt States reporting area and is reported separately. The Northern Missouri reporting area has been added to the Corn Belt States reporting areas.

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